

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL MEMORANDUM**

**SB 1860 – HB 2214**

March 25, 2014

**SUMMARY OF ORIGINAL BILL:** Reduces, from 50 years to 30 years, the length of time prior to April 22, 2004 which a majority of residential property must be constructed in order to be considered an “older residential neighborhood” as it applies to the Older Neighborhood Preservation Act.

**FISCAL IMPACT OF ORIGINAL BILL:**

Other Fiscal Impact – Due to multiple unknown variables, a precise impact to local government cannot be determined; however any impact will be permissive.

**SUMMARY OF AMENDMENT (015322):** Deletes all language after the enacting clause. Establishes the “Neighborhood Preservation Nonprofit Corporation Act”. Requires any corporation wishing to register as a Neighborhood Preservation Nonprofit Corporation (NPNC) to inform the county register of deeds of the real property the NPNC plans to apply its assets toward preserving and protected from blight, crime, and other purposes and to register with the Secretary of State (SOS). Authorizes the SOS to charge a fee for acquiring the designation as a NPNC. Requires NPNCs to establish bylaws and apply all assets towards preserving and protecting the real property designated by the NPNC. The NPNC is eligible to apply for and receive grants from the Tennessee Housing Development Authority (THDA). Encourages local law enforcement to investigate and provide a report to any NPNC who reports suspicious activity on the NPNC designated property.

**FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**

**Increase State Revenue – Exceeds \$500/General Fund**  
**Not Significant/Secretary of State**

**Other Fiscal Impact – A precise fiscal impact to local government cannot reasonably be determined.**

Assumptions for the bill as amended:

- According to SOS, the registration fee to file a domestic nonprofit corporation charter is \$100, with 97 percent of such fee allocated to the state general fund and three percent to the SOS.
- The number of corporations registering as NPNCs is unknown; therefore a precise increase in state revenue is indeterminable; however it is reasonably estimated to exceed \$500, with approximately \$485 ( $\$500 \times 97\%$ ) allocated to the state general fund and \$15 ( $\$500 \times 3\%$ ) allocated to the SOS.
- According to SOS, any cost can be accommodated within existing resources without an increased appropriation or reduce reversion.
- According to THDA, the provisions of the bill as amended will not result in any significant impact to the agency.
- Due to multiple unknown variables, such as how many NPNCs will be created, how many NPNCs will report suspected suspicious activity to local law enforcement, the extent of any time needed to investigate and report such activities, a precise increase in local government expenditures cannot reasonably be determined, but will be permissive.
- The provisions of the bill may result in increased property values within local governments, thus resulting in increased property tax collections; however any such increase in local government property tax revenue cannot be determined.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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